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104TH CONGRESS
1ST SESSION

S. 832

To require the Prospective Payment Assessment Commission to develop separate applicable percentage increases to ensure that medicare beneficiaries who receive services from medicare dependent hospitals receive the same quality of care and access to services as medicare beneficiaries in other hospitals, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 19 (legislative day, MAY 15), 1995

Mr. GRAHAM introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To require the Prospective Payment Assessment Commission to develop separate applicable percentage increases to ensure that medicare beneficiaries who receive services from medicare dependent hospitals receive the same quality of care and access to services as medicare beneficiaries in other hospitals, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Medicare Dependent
5 Hospital Relief Act of 1995".

1 SEC. 2. DEVELOPMENT OF SEPARATE APPLICABLE PER-
2 CENTAGE INCREASES FOR MEDICARE DE-
3 PENDENT HOSPITALS AND OTHER HOS-
4 PITALS BY THE PROSPECTIVE PAYMENT AS-
5 SESSMENT COMMISSION.

6 (a) DEVELOPMENT OF SEPARATE APPLICABLE PER-
7 CENTAGE INCREASES.—

8 (1) IN GENERAL.—The Prospective Payment
9 Assessment Commission established under section
10 1886(e)(2) of the Social Security Act (42 U.S.C.
11 1395ww(e)(2)) (in this section referred to as the
12 “Commission”) shall, in accordance with paragraph
13 (2), develop for fiscal year 1997 and each fiscal year
14 thereafter separate applicable percentage increases
15 described in section 1886(b)(3)(B) of such Act (42
16 U.S.C. 1395ww(b)(3)(B)) for medicare dependent
17 hospitals and subsection (d) hospitals which are not
18 medicare dependent hospitals.

19 (2) EQUALIZATION OF MEDICARE MARGINS.—
20 The Commission shall develop separate applicable
21 percentage increases under paragraph (1) such that,
22 if such increases were in effect, the estimated aver-
23 age annual medicare margins of all medicare de-
24 pendent hospitals in furnishing inpatient hospital
25 services to medicare beneficiaries in such fiscal year
26 would be equal to the average annual medicare mar-

gins of all subsection (d) hospitals which are not medicare dependent hospitals in furnishing inpatient hospital services to medicare beneficiaries in such fiscal year.

(3) BUDGET NEUTRALITY.—The Commission shall provide that the separate applicable percentage increases developed under paragraph (1) would, if in effect, not result in aggregate payments under section 1886 of the Social Security Act (42 U.S.C. 1395ww) to medicare dependent hospitals and subsection (d) hospitals which are not medicare dependent hospitals for the furnishing of inpatient hospital services in a fiscal year in excess of the aggregate payments under such section to such hospitals in such fiscal year if such increases were not in effect.

(b) REPORTS.—

(1) IN GENERAL.—Beginning in March 1996, the Commission shall, in each of the Commission's March reports to the Congress required under section 1886(e)(3) of the Social Security Act (42 U.S.C. 1395ww(e)(3)), include—

(A) the separate applicable percentage increases developed by the Commission under subsection (a)(1) for the upcoming fiscal year; and

(B) recommendations on methods to ensure that medicare beneficiaries who receive services furnished by medicare dependent hospitals have the same access and quality of care as medicare beneficiaries who are furnished services by subsection (d) hospitals which are not medicare dependent hospitals.

(2) ANNUAL REVIEW OF MEDICARE MARGINS.—

The Commission shall develop the recommended methods under paragraph (1)(B) after annually reviewing the average medicare margins in medicare dependent hospitals and the impact of such medicare margins on the medicare dependent hospitals' overall profit margins.

SEC. 3. DEFINITIONS.

In this Act, the following definitions apply:

(1) MEDICARE BENEFICIARY.—The term “medicare beneficiary” means an individual who is entitled to benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.).

(2) MEDICARE DEPENDENT HOSPITAL.—The term “medicare dependent hospital” means any subsection (d) hospital—

(A) that is not classified as a sole community hospital under section 1886(d)(5)(D) of

the Social Security Act (42 U.S.C. 1395ww(d)(5)(D)); and

(B) for which not less than 60 percent of its inpatient days were attributable to medicare beneficiaries during 2 of the last 3 preceding fiscal years for which data is available.

(3) MEDICARE MARGIN.—

(A) IN GENERAL.—The term “medicare margin” means for a fiscal year the ratio expressed as a percentage equal to—

(i) the difference between all medicare revenues paid to a hospital for the operating costs of inpatient hospital services in a fiscal year and all medicare program eligible expenses for such operating costs for such fiscal year (as shown by each hospital’s HCFA 2552 report submitted annually to the Health Care Financing Administration); divided by

(ii) all medicare revenues paid to the hospital for the operating costs of inpatient hospital services for such fiscal year.

(B) OPERATING COSTS OF INPATIENT HOSPITAL SERVICES.—The term “operating costs of inpatient hospital services” has the meaning



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1 given such term in section 1886(a)(4) of the
2 Social Security Act (42 U.S.C. 1395ww(a)(4)).
3 (4) SUBSECTION (D) HOSPITAL.—The term
4 “subsection (d) hospital” has the meaning given
5 such term in section 1886(d)(1)(B) of the Social Se-
6 curity Act (42 U.S.C. 1395ww(d)(1)(B)).

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